

Current Housing Conditions in Virginia

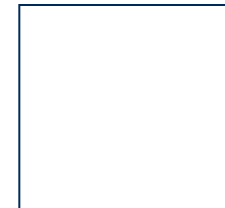


Sonya Ravindranath Waddell

April 25, 2012



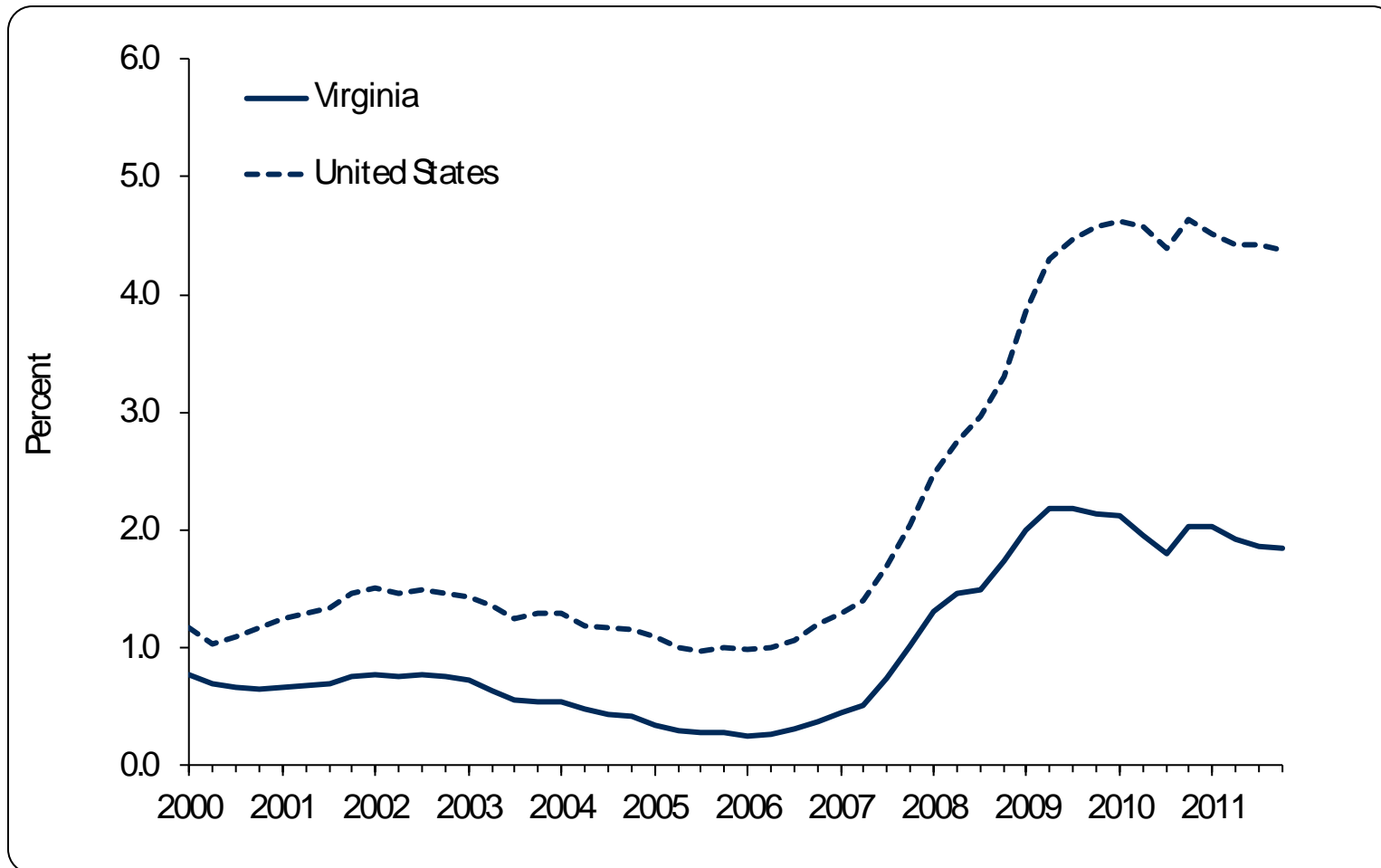
The views expressed in this presentation are my own and do not represent the views of the Federal Reserve Bank of Richmond or the Federal Reserve System.



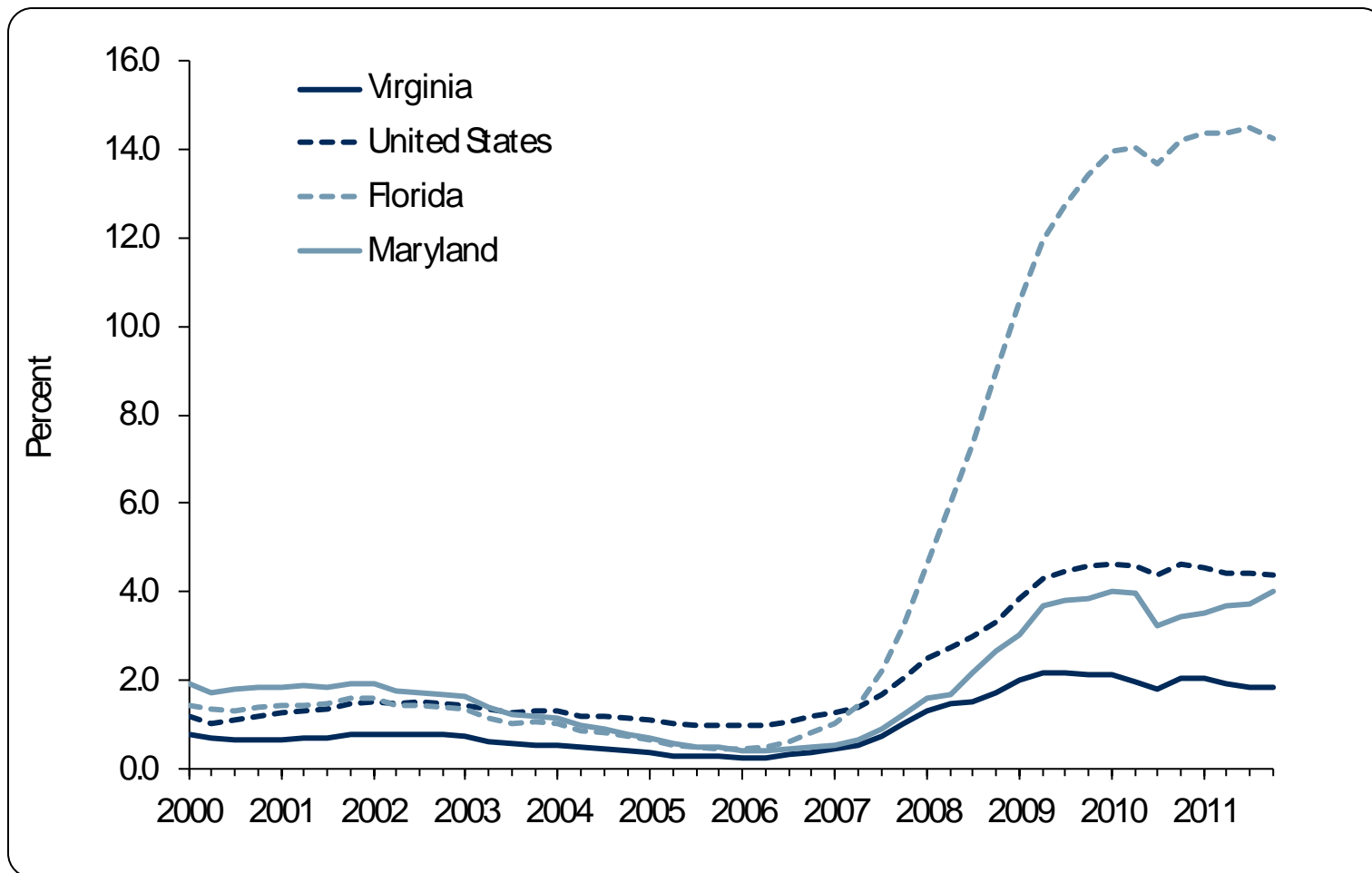
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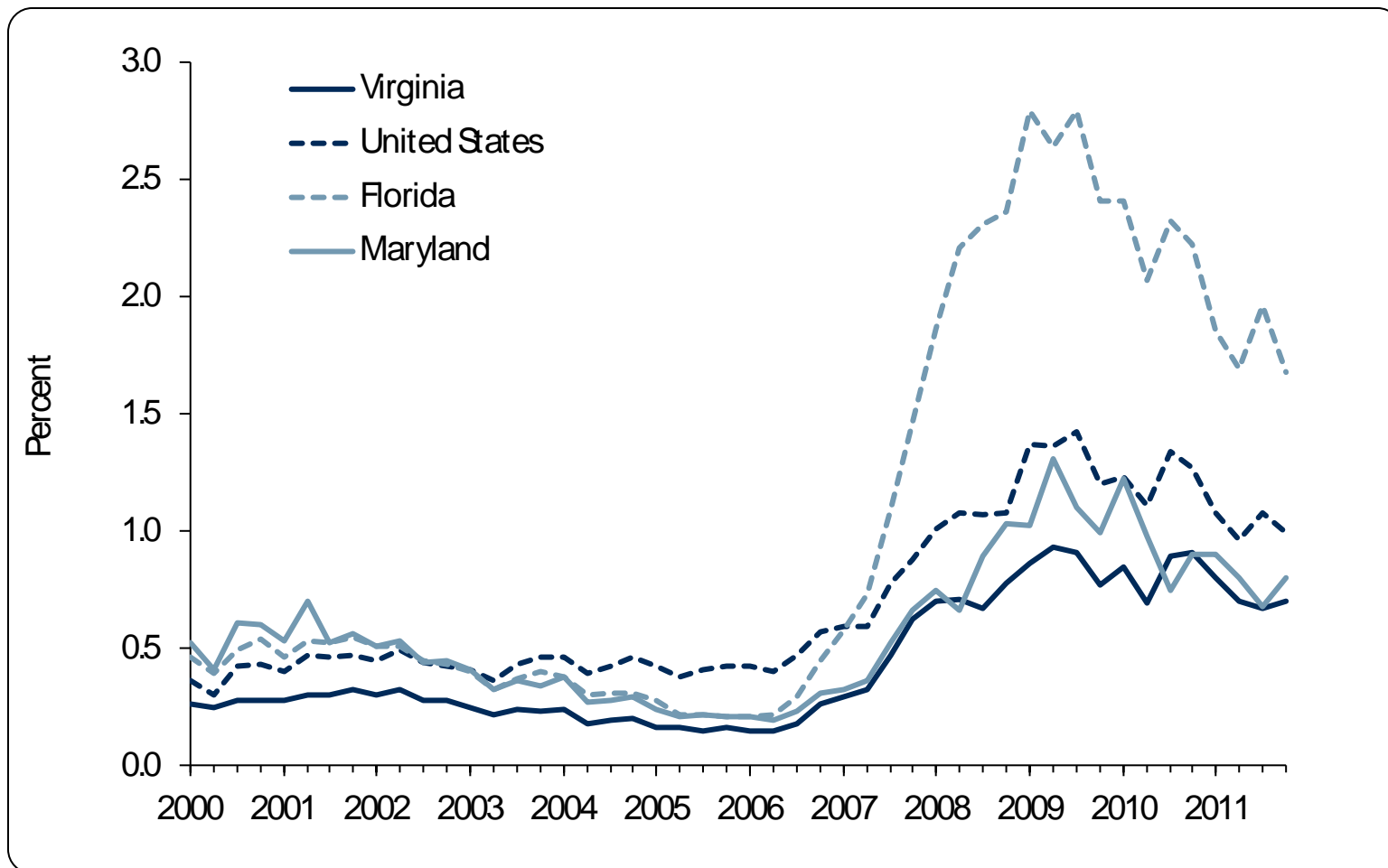
Foreclosure Rate (Inventory)



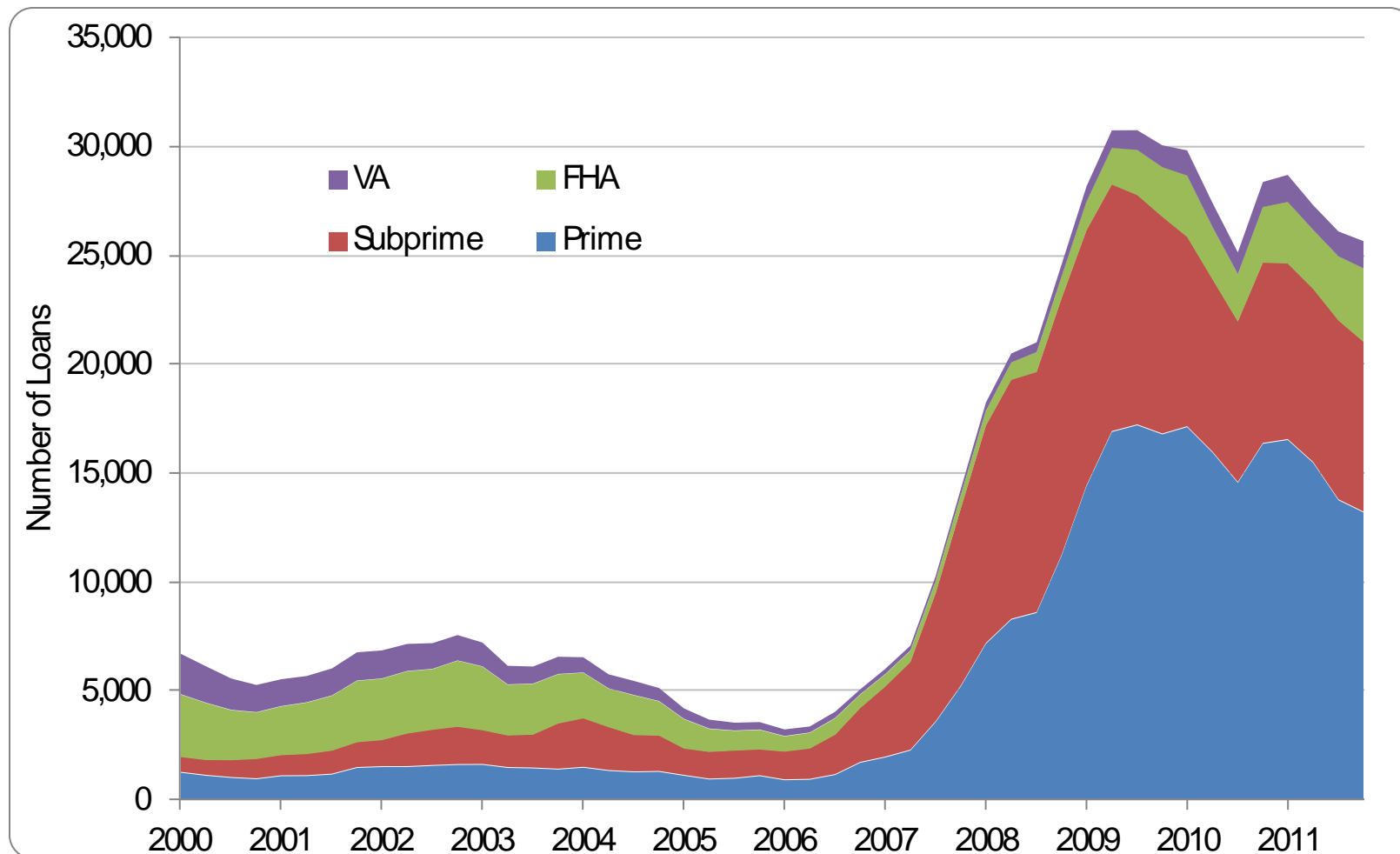
Foreclosure Rate (Inventory)



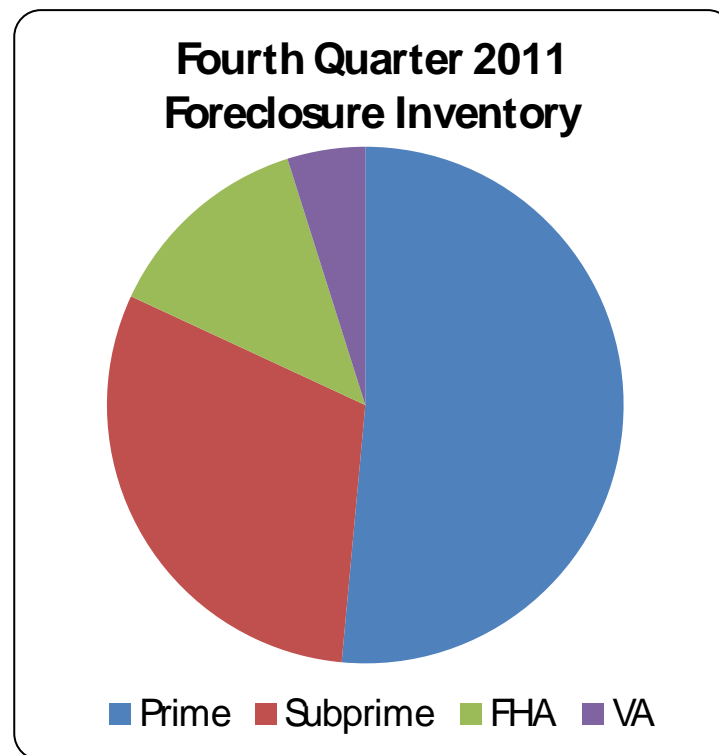
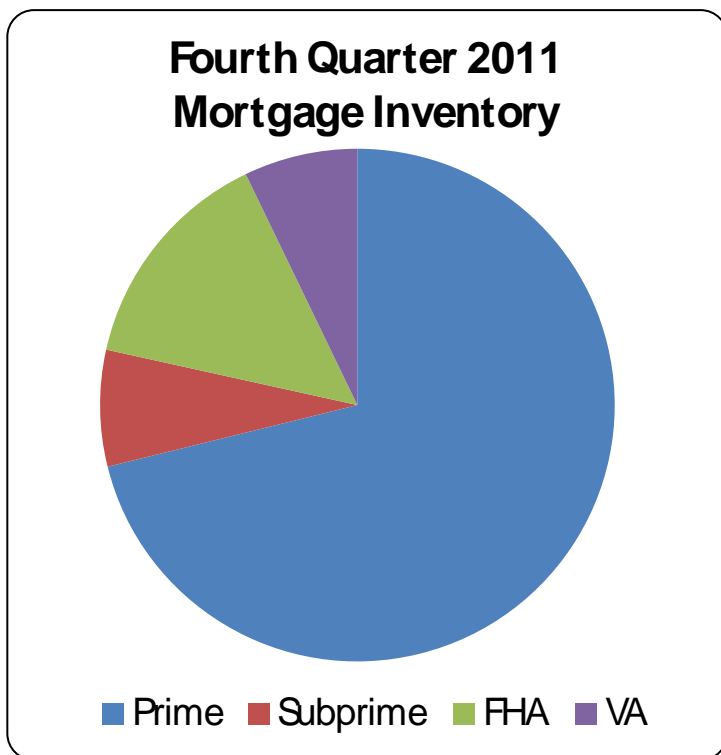
Foreclosure Rate (Starts)



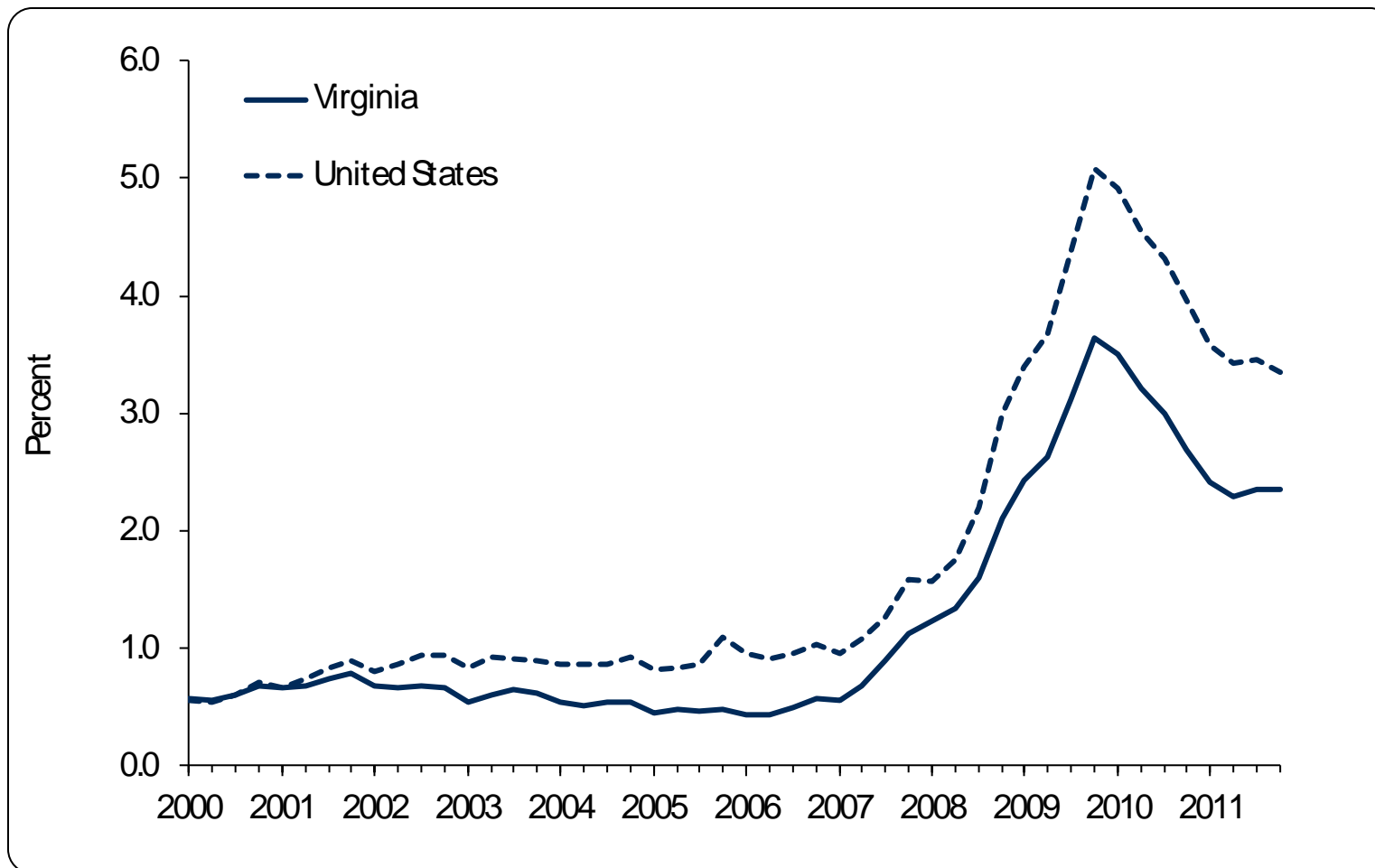
Share of the Foreclosure Inventory: Virginia



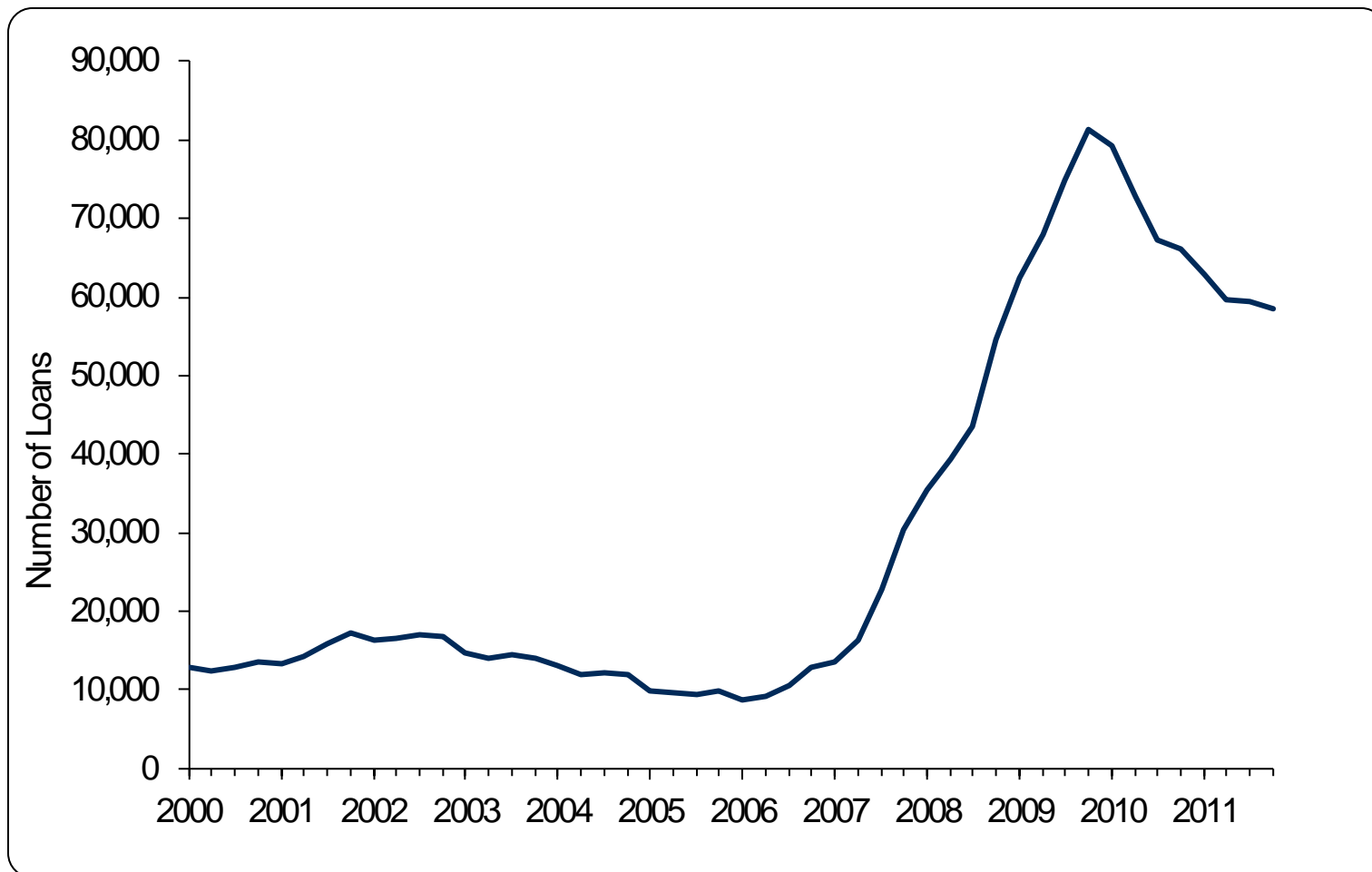
Subprime loans are still *disproportionately* represented in the foreclosure pool in Virginia



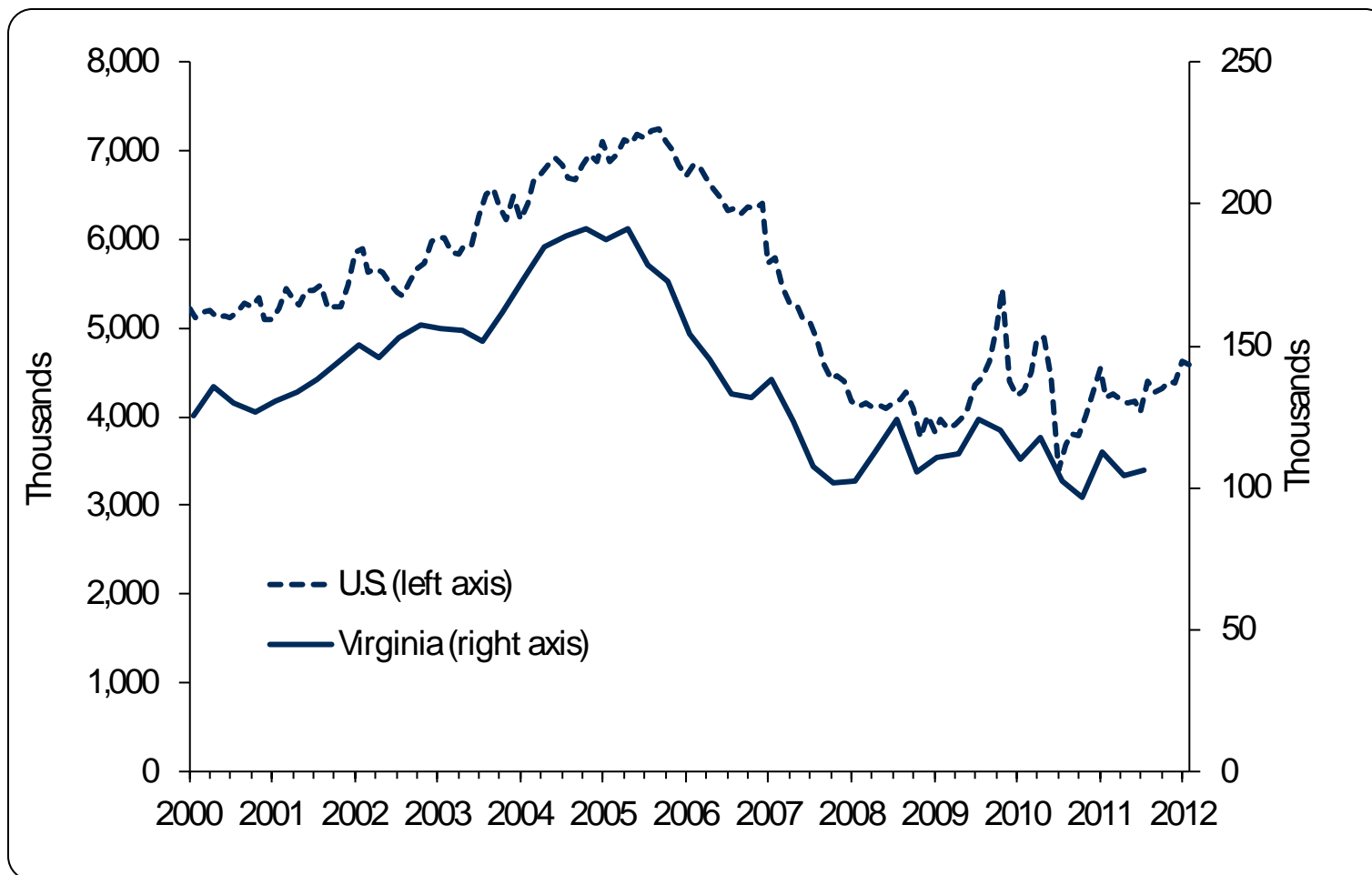
Delinquency Rate (90+ Day)



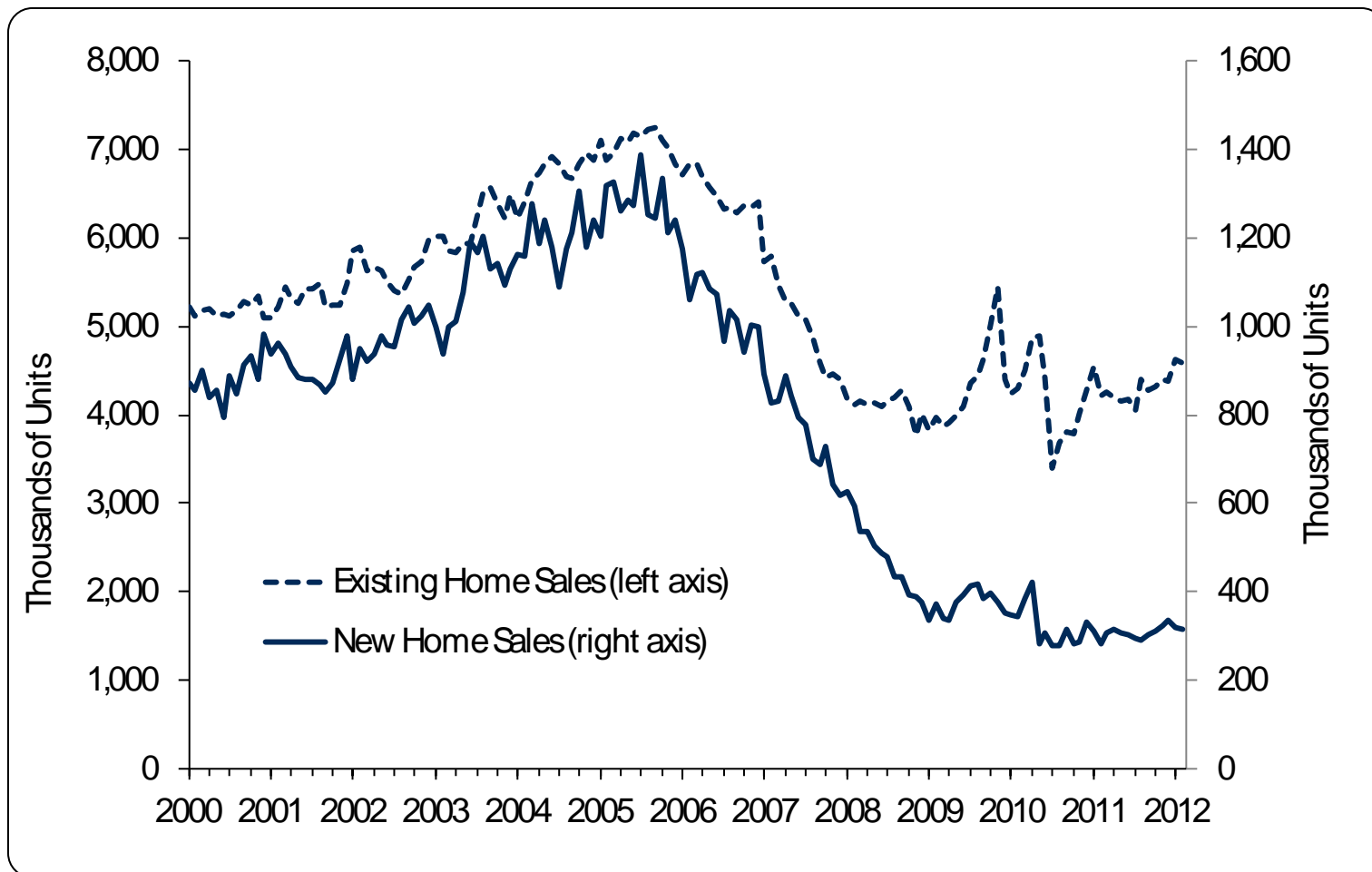
Shadow Inventory



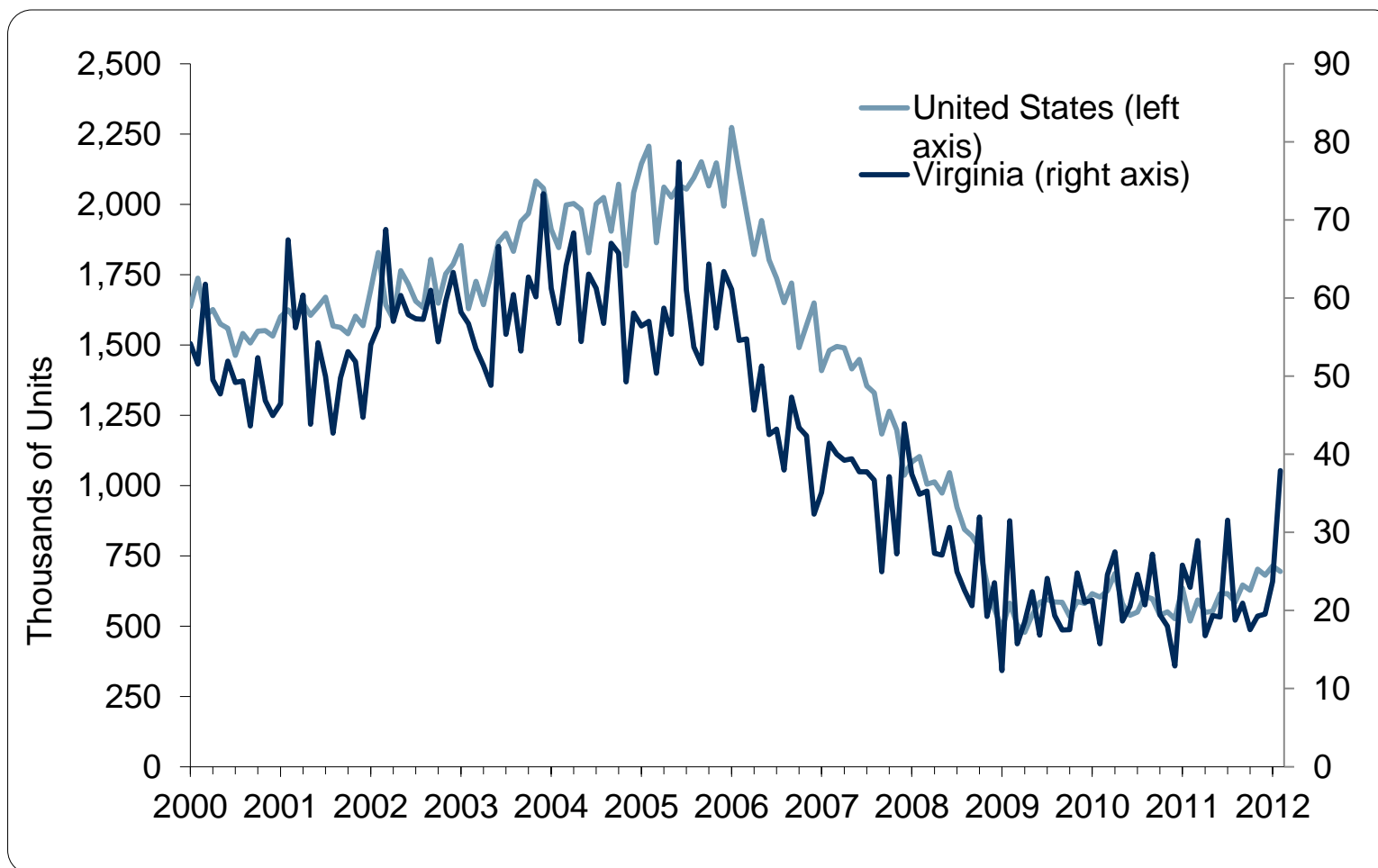
Existing Home Sales



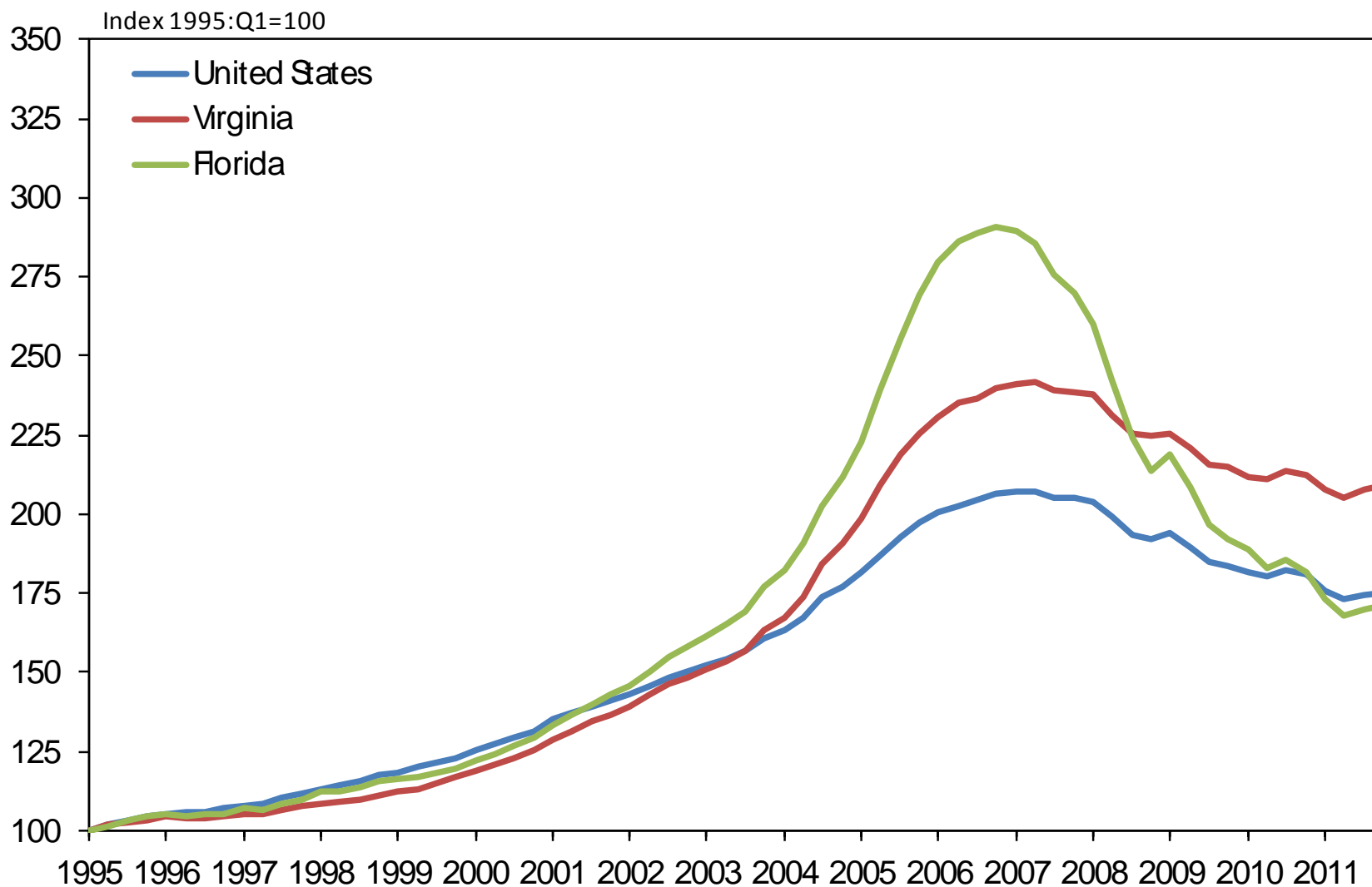
Home Sales: United States



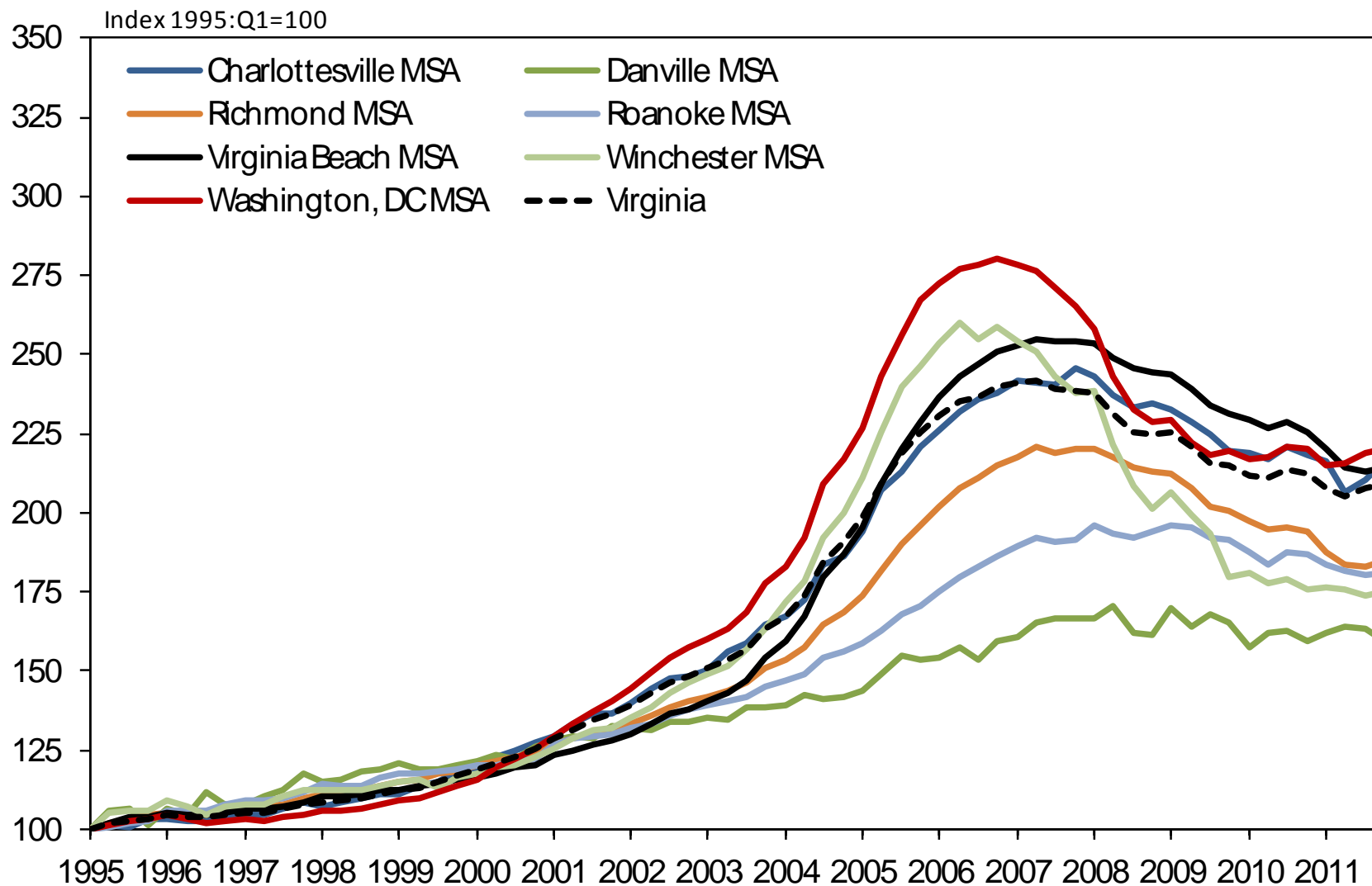
Housing Starts (Thous, SAAR)



House Price Declines



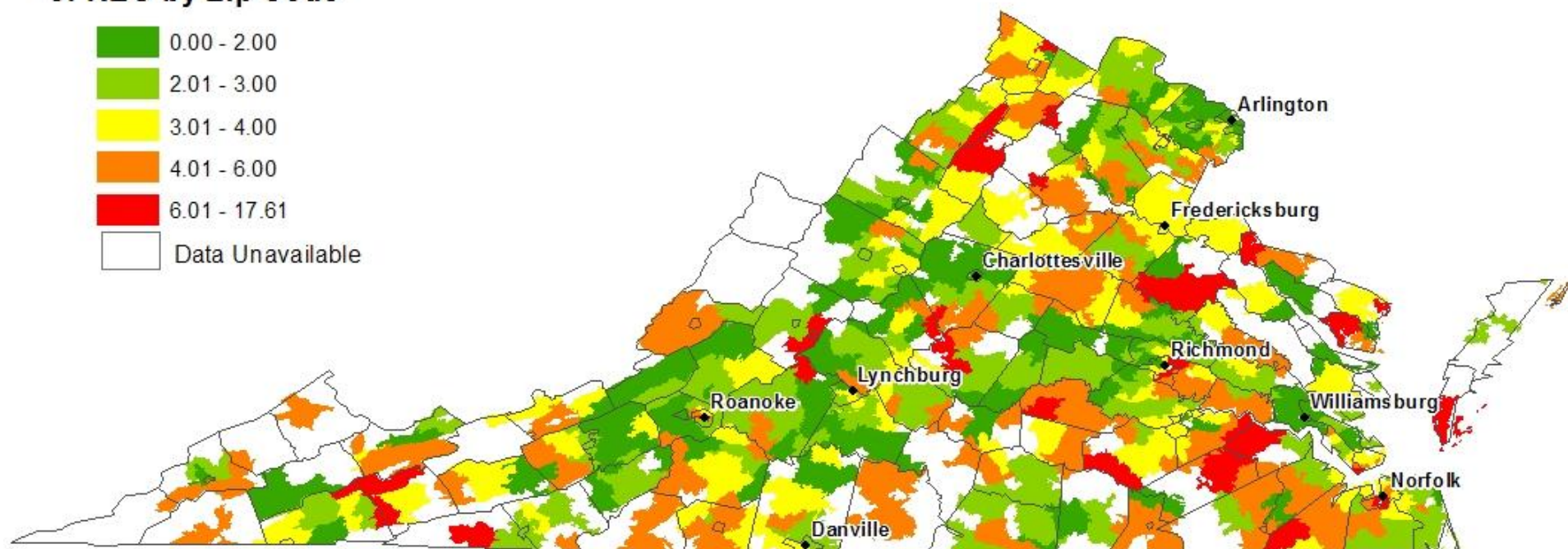
House Prices (cont.)





Percentage of Owner-Occupied Total Loans in Foreclosure or REO: Virginia

Percent in Foreclosure
or REO by Zip Code



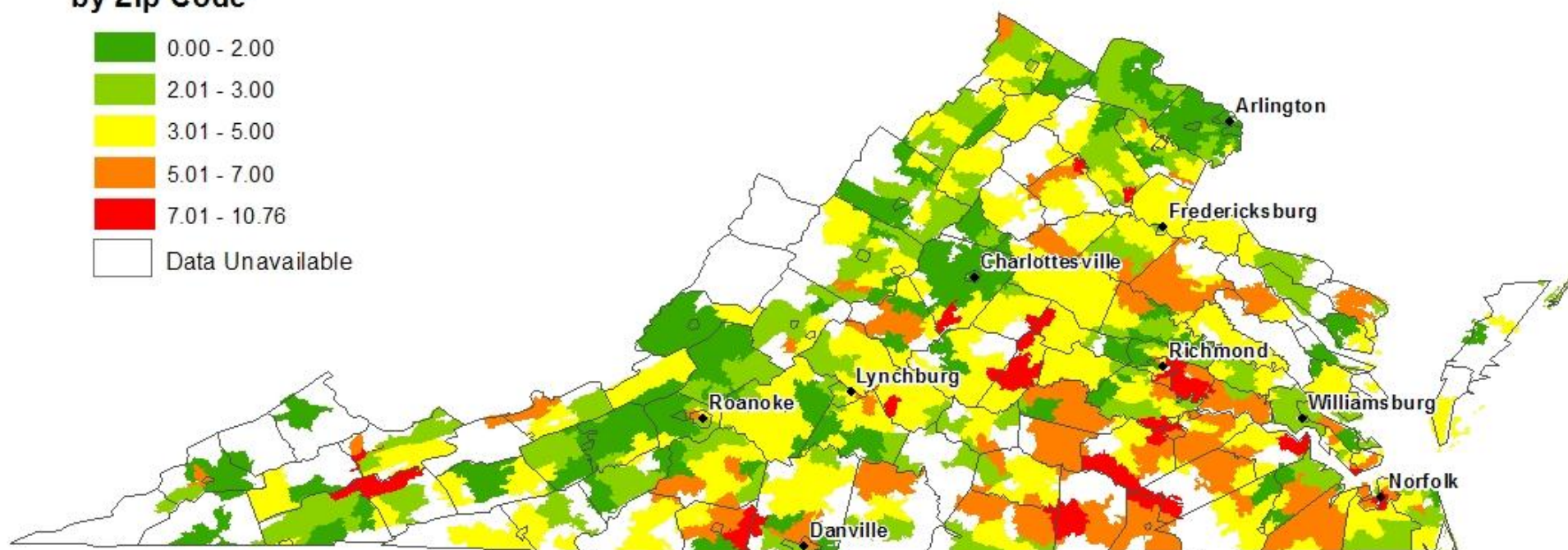
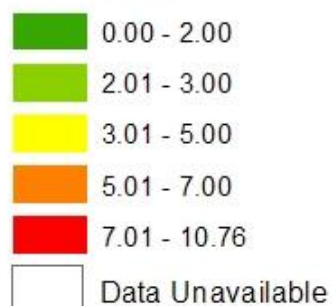
Source: FRBR estimates using data from LPS (December 2011) and MBA (Q4:2011)





Percentage of Owner-Occupied Total Loans with 90+ Day Delinquency: Virginia

Percent Delinquent by Zip Code



Source: FRBR estimates using data from LPS (December 2011) and MBA (Q4:2011)



Federal Reserve Bank of Richmond Realtor Survey*

(responses are percent of total)

1. How have market conditions for your business changed during the first quarter of 2012?									
Significantly Worse	6.5	Slightly Worse	12.6	About the Same	23.7	Slightly Better	44.7	Significantly Better	12.4
2. How has customer traffic changed during the first quarter of 2012?									
Significantly Worse	7.8	Slightly Worse	11.4	About the Same	23.5	Slightly Better	44.5	Significantly Better	12.8
3. Is most of your customer traffic:									
First-time buyers	55.7	Homeowners moving up	21.1	Homeowners downsizing	14.6	Second-home buyers	8.7		
4. What type of home purchase is your typical client making? Please indicate price range/property type.									
High End	4.9	Mid Range	55.4	Lower End	38.7	Single Family	81.5	Multi-Family	5.4
5. How has the conversion from foot traffic to closed sales changed in the first quarter of 2012?									
Significantly Worse	7.1	Slightly Worse	19.1	About the Same	38.6	Slightly Better	30.1	Significantly Better	5.1
6. How would you characterize the inventory of homes on the market in your area?									
Very Low	13.9	Somewhat Low	28.1	About Right	16.2	Somewhat High	30.2	Very High	11.7
7. In terms of pricing/valuations, how much are distressed homes for sale a negative factor in your area?									
Not at All	8.3	Somewhat of a Factor	51.0	Big Factor	40.7				
8. How would you characterize appraisals during the first quarter of 2012?									
Much too Low	10.6	Somewhat Low	47.0	About Right	38.1	Somewhat High	3.8	Much too High	0.5
9. How often does tighter underwriting prevent a sale?									
Rarely	9.8	Occasionally	50.8	Frequently	39.4				
10. In the first quarter of 2012, have clients had difficulty getting mortgage financing?									
Rarely	16.3	Occasionally	49.7	Frequently	34.0				
11. How has your outlook for the housing market changed since the beginning of the year?									
Significantly Worse	4.5	Slightly Worse	15.6	About the Same	29.1	Slightly Better	42.0	Significantly Better	8.8
*Survey of MD& VA Association of Realtors. Total # of responses is 1490 (99% in VA). Survey conducted April 9-13.									



Federal Reserve Bank of Richmond Homebuilders Survey*

(responses are percent of total)

1. How has construction activity at your firm changed during the first quarter of 2012?									
Significantly Worse	12.9	Slightly Worse	5.9	About the Same	29.7	Slightly Better	37.6	Significantly Better	13.9
2. How has customer inquiries changed during the first quarter of 2012?									
Significantly Worse	6.9	Slightly Worse	5.9	About the Same	25.7	Slightly Better	44.6	Significantly Better	16.8
3. Is most of your customer traffic:									
First-time buyers	30.0	Homeowners moving up	55.0	Homeowners downsizing	13.8	Second-home buyers	1.3		
4. What type of home purchase is your typical client making? Please indicate price range/property type.									
High End	20.2	Mid Range	60.6	Lower End	18.2	Single Family	82.8	Multi-Family	5.1
5. How has the conversion from foot traffic to closed sales changed in the first quarter of 2012?									
Significantly Worse	7.9	Slightly Worse	9.9	About the Same	42.6	Slightly Better	30.7	Significantly Better	8.9
6. In the first quarter of 2012, have clients had difficulty getting mortgage financing?									
Rarely	9.1	Occasionally	46.5	Frequently	44.4				
7. How would you characterize the inventory of homes on the market in your area?									
Very Low	8.4	Somewhat Low	26.3	About Right	22.1	Somewhat High	36.8	Very High	6.3
8. How would you characterize appraisals during the first quarter of 2012?									
Much too Low	26.7	Somewhat Low	55.4	About Right	16.8	Somewhat High	1.0	Much too High	0.0
9. In terms of pricing/valuations, how much are distressed homes for sale a negative factor in your area?									
Not at All	9.9	Somewhat of a Factor	54.5	Big Factor	35.6				
10. How would you characterize your land inventory?									
Very Low	26.8	Somewhat Low	29.9	About Right	22.7	Somewhat High	11.3	Very High	9.3
11. What are your plans for land inventory in 2012?									
Reduce Significantly	19.2	Reduce Slightly	11.1	No Change Planned	33.3	Increase Slightly	32.3	Increase Significantly	4.0
12. How has your outlook for the housing market changed since the beginning of the year?									
Significantly Worse	5.9	Slightly Worse	9.9	About the Same	33.7	Slightly Better	41.6	Significantly Better	8.9

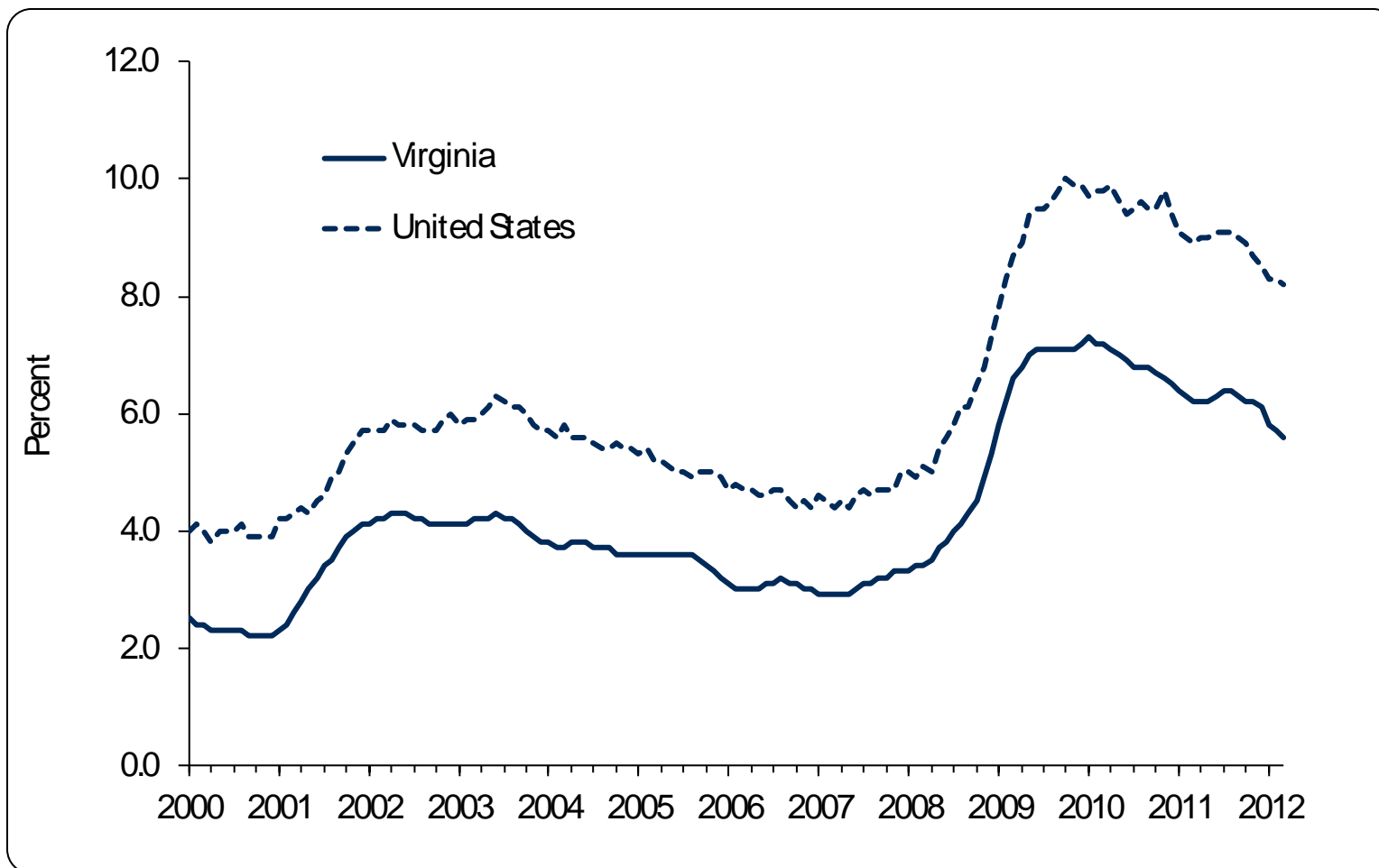
*Survey of Homebuilders Associations of MD, VA, SC, Charlotte, NC, Triad, NC, and Raleigh Wake, NC. Total number of responses is 101 (65% in NC, 25% in SC, 15% in MD, 7% in VA). Survey conducted April 9-13.



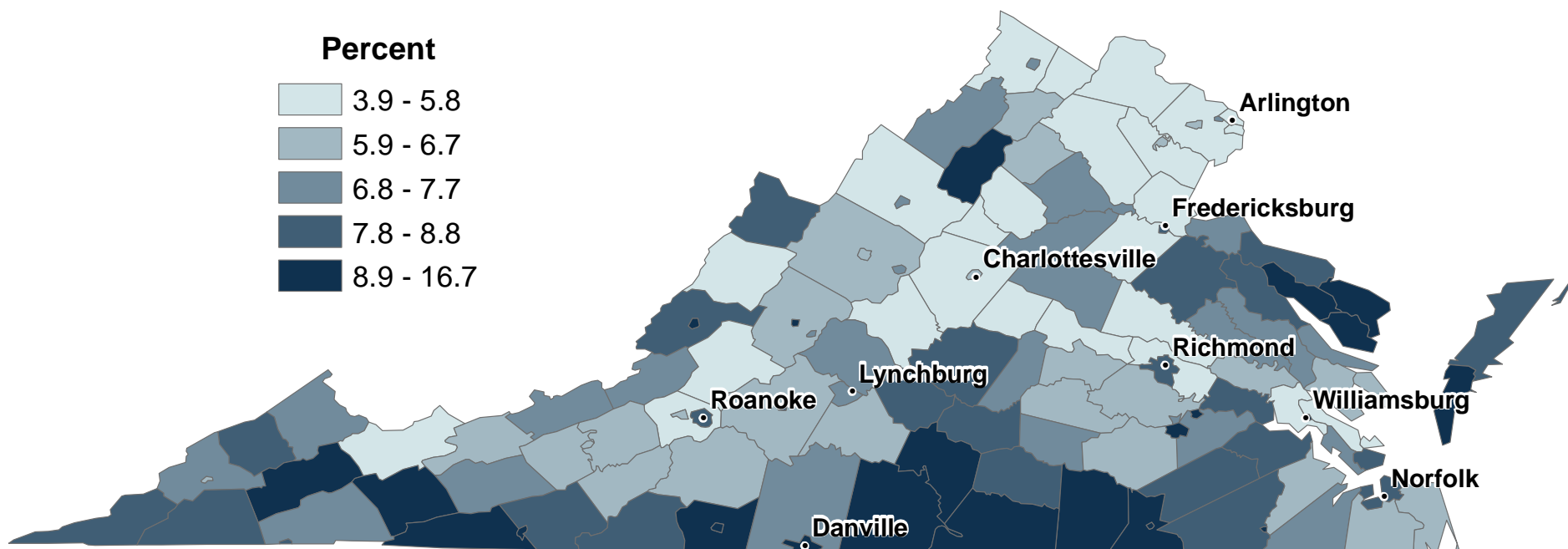
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Unemployment



Unemployment (February 2012)



Source: Bureau of Labor Statistics/Haver Analytics





What is the bottom line?

The Downside

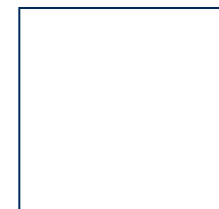
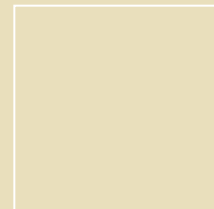
- The housing market is still a drag on the economy.
- Foreclosure inventories are still at record levels.

The Upside

- Realtor and homebuilder reports were generally positive.
- The shadow inventory of homes is contracting as the number of homes entering delinquency and foreclosure is starting to come down.
- House prices are stabilizing.
- Labor markets in Virginia are stabilizing/improving.



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